

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 SAM-01 SAJ-01 IO-10 AID-05 EB-04 COME-00

TRSE-00 OMB-01 ACDA-05 MC-01 /093 W

----- 000076

R 160540Z NOV 74

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 1535

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY PARIS

AMEMBASSY JAKARTA

AMEMBASSY BANGKOK

AMEMBASSY MANILA

CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 SINGAPORE 4615

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS: MILI, PFOR, SN, FR

SUBJECT: FRENCH INTEREST IN EXPANDING INFLUENCE IN SINGAPORE AND
SEA

REF: PARIS 24504

SUMMARY: FRENCH INTEREST IN SINGAPORE HAS HEIGHTENED APPRE-
CIABLY SINCE P.M. LEE KUAN YEW'S VISIT TO PARIS AND CALL ON
PRESIDENT GISCARD D'ESTAING LAST JULY. THIS INTEREST APPEARS
TO HAVE BEEN ENCOURAGED BY GOS AT LEAST AS MUCH AS IT HAS BEEN
PUSHED BY FRANCE. FURTHERMORE, GOS INTEREST APPEARS TO HAVE FO-
CUSSED NOT ONLY ON URGING GREATER FRENCH ECONOMIC INVOLVEMENT
IN SEA--A ROLE IN WHICH GOS HAS SINGAPORE WOULD HOLD A KEY
POSITION, BUT ALSO IN EXPLORING THE POSSIBILITY OF PURCHASING
FRENCH SUPERSONIC MILITARY AIRCRAFT (MIRAGES) AND ASSISTANCE IN
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BUILDING A MILITARY AERO-SPACE INDUSTRY.

GIVEN GOS UNEASINESS OVER INTERNATIONAL ECONOMIC SITUATION, IT WILL PROBABLY CONTINUE TO PUSH HARD TO ATTRACT FRENCH INVESTMENT TO SINGAPORE. ALTHOUGH AT THIS STAGE GOS IS PROBABLY ONLY SHOPPING AROUND FOR BEST DEAL, ANY FRENCH SUCCESS IN SELLING MIRAGES TO GOS WOULD REVERSE CLEAR TREND OVER PAST SEVERAL YEARS OF GOS PREFERENCE FOR AMERICAN EQUIPMENT. END SUMMARY

1. FOREIGN MINISTER RAJARATNAM RETURNED TO SINGAPORE NOVEMBER 5 FOLLOWING SIX WEEK TRIP IN WHICH HE ATTENDED UNGA AND VISITED SEVERAL EAST EUROPEAN COUNTRIES, U.K. AND FRANCE. IN AIRPORT PRESS CONFERENCE HE TOLD REPORTERS THAT FRANCE WAS KEEN TO EXTEND FRENCH INFLUENCE AND INVOLVEMENT IN SEA AND EXPLORE PROSPECTS OF EXPORT MARKETS AND OFFSHORE ACTIVITIES. HE NOTED THAT FRANCE WAS FORMERLY A MAJOR POWER IN SEA AND THAT IT HAD A BENEFICIAL ROLE TO PLAY IN THE REGION.

2. FRENCH COUNSELLOR OF EMBASSY BERTHOD ON NOVEMBER 7 CONFIRMED TO CHARGE GENERAL ACCURACY OF RAJARATNAM'S COMMENTS AND SAID FRANCE WAS IN PROCESS OF EXPLORING THE POSSIBILITY OF AN EXPANDED ECONOMIC ROLE IN SEA. HE SAID THE MISOFFE MISSION (REF-TEL HAD INCLUDED ONLY FRENCH GOVERNMENT OFFICIALS WHO SPENT MOST OF THEIR TIME LISTENING TO GOS PRESENTATIONS. FRENCH AMBASSADOR GASSEAU HAD EARLIER ADVISED AMBASSADOR THAT NOTHING OF GREAT CONSEQUENCE HAD OCCURRED DURING MISOFFE'S VISIT O SINGAPORE. BERTHOD SAID AMBASSADOR GASSEAU WAS CURRENTLY IN PARIS TO ASSIST IN THE DEVELOPMENT OF MORE SPECIFIC PLANS FOR A LARGER FRENCH ROLE IN SINGAPORE AND SEA. HE CONFIRMED THAT AN IMPORTANT GROUP OF FRENCH BUSINESSMEN WOULD PROBABLY VISIT SINGAPORE IN EARLY JANUARY TO LOOK INTO THE POSSIBILITIES OF INVESTMENT IN SINGAPORE AND THE REGION. SUBSEQUENTLY, A LARGE FRENCH COMMERCIAL EXPOSITION WILL BE HELD IN SINGAPORE IN MARCH AND WILL BE OPENED BY A FRENCH CABINET MINISTER--PERHAPS THE MINISTER OF TRADE. FRENCH EMBASSY'S INFORMATION OFFICER, SUBRENAT, COMMENTED SEPARATELY TO CHARGE THAT FRENCH ECONOMIC PLANS FOR SEA WERE STILL IN THE TASK FORCE STAGE IN PARIS AND THAT SPECIFIC DECISIONS WERE STILL TO BE MADE AS TO WHAT PRECISELY THE FRENCH GOVERNMENT WOULD DO TO PROMOTE AN EXPANDED BUT RATIONAL ECONOMIC ROLE FOR FRANCE IN SEA.

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3. CHARGE ASKED BERTHOD WHETHER A RUMOR TO THE EFFECT THAT MR. DASSAULT OF THE DASSAULT AVIATION COMPANY HAD BEEN IN TOWN TO PROMOTE THE SALE OF MIRAGE MILITARY AIRCRAFT TO THE SINGAPORE AIR FORCE WAS TRUE. BERTHOD REPLIED THAT DASSAULT'S SON HAD BEEN IN SINGAPORE AT THE SAME TIME AS THE MISOFFE TEAM, BUT COMMENTED THAT HIS PRESENCE DURING THE TEAM'S VISIT WAS PURELY COINCIDENTAL. BERTHOD NOTED THAT THE GOVERNMENT HAD EXPRESSED SOME

INTEREST IN THE MIRAGE, AND COMMENTED THAT HE UNDERSTOOD THAT THE U.S. AND SWEDEN WERE ALSO COMPETING TO SELL SUPERSONIC AIRCRAFT TO SINGAPORE. WHEN CHARGE MENTIONED THAT IT WAS ALSO RUMORED THAT GOS WAS EXPLORING WITH DASSAULT SOME KIND OF "CO-PRODUCTION ARRANGEMENT", BERTHOD EXPRESSED DOUBTS WHETHER SINGAPORE HAD REACHED THE LEVEL WHERE A CO-PRODUCTION ARRANGEMENT WOULD BE POSSIBLE. HE THOUGHT THE ESTABLISHMENT OF A MAINTENANCE AND SUPPORT FACILITY WOULD BE MORE FEASIBLE. IN A SEPARATE CONVERSATION, CHAN U SEEK, CHAIRMAN OF CHARTERED INDUSTRIES, ADVISED DATT THAT "CO-PRODUCTION ARRANGEMENT" DISCUSSED WITH DASSAULT CONCERNED ONLY ELECTRONICS END OF AIRCRAFT PRODUCTION.

4. BERTHOD ALSO CONFIRMED TO CHARGE THAT THE GOS HAD REQUESTED THAT A MILITARY ATTACHE BE ASSIGNED TO THE FRENCH EMBASSY IN SINGAPORE. HOWEVER, THIS REQUEST STILL HAD TO BE CLEARED BY THE MINISTER OF FINANCE IN PARIS.
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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 SAM-01 SAJ-01 IO-10 AID-05 EB-04 COME-00

TRSE-00 OMB-01 ACDA-05 MC-01 /093 W

----- 000388

R 160540Z NOV 74

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 1536

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY PARIS

AMEMBASSY JAKARTA

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AMEMBASSY MANILA

CINCPAC

C O N F I D E N T I A L SECTION 2 OF 2 SINGAPORE 4615

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5. COMMENT: SINGAPORE'S INTEREST IN ENCOURAGING FRANCE TO PLAY A SIGNIFICANT ECONOMIC ROLE IN THE REGION AND TO USE SINGAPORE AS THE FOCAL POINT FOR MOUNTING SUCH AN EFFORT IS QUITE LOGICAL GIVEN THE CURRENT DOWNTURN IN THE ECONOMIC SITUATION AND THE FALL-OFF OF NEW INVESTMENT. GOS IS PARTICULARLY UNEASY ABOUT THE INTERNATIONAL ECONOMIC SITUATION, AND WOULD PROBABLY GO TO CONSIDERABLE LENGTHS TO ENCOURAGE THE ESTABLISHMENT OF FRENCH INVESTMENT AND REGIONAL OFFICES IN SINGAPORE. ALTHOUGH BOTH COUNTRIES APPEAR TO HAVE A MUTUAL INTEREST IN AN EXPANDED FRENCH ECONOMIC ROLE IN THIS AREA, IT IS UNCLEAR HOW MUCH WILL COME OF IT. CERTAINLY THE AMERICAN BUSINESS COMMUNITY DOES NOT VIEW IT AS A COMPETITIVE THREAT AND THE CHAIRMAN OF THE AMERICAN BUSINESS COUNCIL QUESTIONED WHETHER IN THE PRESENT INTERNATIONAL ECONOMIC ENVIRONMENT FRANCE WOULD BE ABLE TO LAUNCH MAJOR EFFORT. EMBASSY PARIS MAY WISH TO COMMENT FURTHER ON FRENCH
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INTENTIONS AND CAPABILITIES IN THIS RESPECT.

6. THE DEGREE OF GOS INTEREST IN ACQUIRING MIRAGE AIRCRAFT IS LESS CLEAR. FROM ALL AVAILABLE EVIDENCE, IT IS APPARENT THAT THE MINISTRY OF DEFENSE IS IN THE PROCESS OF SHOPPING AROUND FOR THE BEST POSSIBLE SUPERSONIC AIRCRAFT FOR THE BEST PRICE. THE DASSAULT VISIT APPEARS TO BE PART OF THIS PROCESS. HOWEVER, THE GOS IS CLEARLY DISILLUSIONED WITH THE U.K., PESSIMISTIC ABOUT THE OUTCOME OF THE CURRENT DEFENSE REVIEW, AND OBVIOUSLY WORRIED THAT THE U.S. WILL CONTINUE TO WITHDRAW MILITARILY FROM SEA. MOREOVER, THE AIR ATTACHE HAS RECEIVED A REPORT FROM LOCKHEED SOURCE THAT MINDEF HAS INFORMALLY ADVISED LOCKHEED THAT THE SADC WILL NO LONGER REQUIRE ITS SERVICES AFTER 1976. THEREFORE, IT IS INDEED POSSIBLE THAT GOS MAY BE SERIOUSLY EXPLORING WHETHER THE DASSAULT FIRM IS IN A POSITION NOT ONLY TO SELL MIRAGES TO SINGAPORE, BUT ALSO TO ASSIST THE GOS IN DEVELOPING AN AEROSPACE INDUSTRY. DURING THE PAST YEAR SINGAPORE HAS BEEN ACTIVE IN SELLING PATROL BOATS AND M-16 RIFLES TO THIRD COUNTRIES, AND CHAFES UNDER U.S. RESTRICTIONS ON RESALE TO THIRD COUNTRIES OF ITEMS PRODUCED UNDER CO-PRODUCTION ARRANGEMENTS. GOS COULD WELL FEEL THAT THE FRENCH WOULD BE MORE PERMISSIVE IN THIS RESPECT.

7. ALTHOUGH GOS IS ANXIOUS TO DEVELOP AN AEROSPACE INDUSTRY, SINGAPORE HAS NOT REACHED THE TECHNOLOGICAL LEVEL WHERE IT COULD REALISTICALLY EXPECT TO ENGAGE IN A CO-PRODUCTION ARRANGEMENT WHICH REQUIRES CONSIDERABLE SOPHISTICATION. AN ARRANGEMENT TO DEVELOP AN AVIATION AND MAINTENANCE SUPPORT FACILITY WOULD BE FAR MORE REALISTIC. ALTHOUGH THE GOS IS STILL A LONG WAY OFF FROM DECIDING WHICH SUPERSONIC AIRCRAFT TO BUY,

A DECISION IN FAVOR OF THE FRENCH WOULD REVERSE THE CLEAR TREND
OVER THE PAST SEVERAL YEARS OF GIVING GOS PREFERENCE FOR
AMERICAN EQUIPMENT. EMBASSY/DAO WILL CONTINUE TO MONITOR THE SI-
TUATION CLOSELY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, MILITARY AIRCRAFT, MILITARY PROCUREMENT, JOINT VENTURES, ARMS PRODUCTION
Control Number: n/a
Copy: SINGLE
Draft Date: 16 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SINGAP04615
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740331-0841
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741137/aaaaberh.tel
Line Count: 228
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: PARIS 24504
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 01 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 MAY 2002 by cunninfx>; APPROVED <20 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRENCH INTEREST IN EXPANDING INFLUENCE IN SINGAPORE AND SEA
TAGS: MILI, PFOR, SN, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005